

## COARSE GRAINS: WORLD MARKETS AND TRADE

### MONTHLY HIGHLIGHTS:

**Corn:** U.S. exports have been less than expected in recent weeks amid growing competition from Argentina and higher than expected shipments from Thailand. Even with a crop that is almost 20 percent smaller than last year, Argentina has been able to maintain an aggressive export pace. New sales in May and June were more than double the same period a year ago, posing especially strong competition in Malaysia, Peru, Tunisia, and Israel. In addition, Thailand managed to ship significant quantities during the last 2 months even as domestic supplies tightened and prices soared. As a result, the U.S. export estimate has been reduced by 2.0 million tons to 50.0 million. However, the slow export pace is expected to be only temporary, as the United States is anticipating a record crop and diminished competition from China and Brazil.

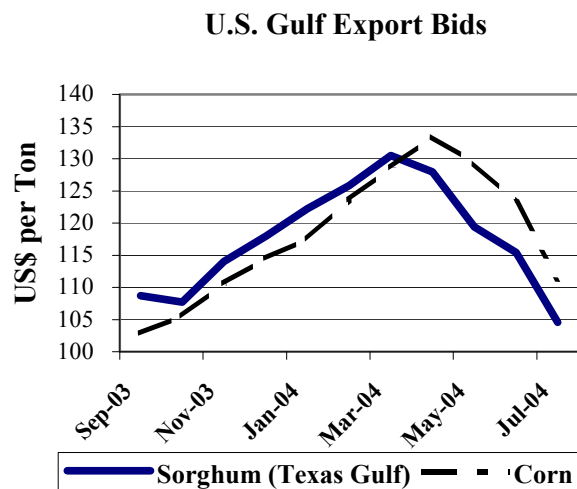
**Sorghum:** U.S. shipments to the EU-25 continue to slide, due to prospects for bumper EU-25 coarse grain and feed-quality wheat harvests and falling feed grain prices, the latter especially in Spain. Exports and sales to Mexico were lackluster in May and June.

**China's sorghum** export estimate for 2003/04 is raised again this month by 50,000 tons to 150,000, the highest in 9 years. Tight supplies in Australia, high U.S. prices (relative to corn), and freight advantages have helped expand China's market share in Japan and Taiwan.

### PRICES:

**Domestic:** Early July Gulf export bids for #2 yellow corn averaged \$111/MT, down \$12 from June and about the same as last November's price. Concerns about U.S. growing conditions have largely subsided and prices have tumbled in recent weeks.

Early July export bids for #2 yellow sorghum (Texas Gulf) averaged about \$105/MT, down nearly \$11 from June and below harvest time prices from September 2003. Sorghum is now at a \$7 discount to corn, versus nearly a \$6 premium last September.



## **TRADE CHANGES IN 2004/2005**

### **Selected Exporters**

- **Brazil corn** drops by 500,000 tons to 3.5 million as a smaller winter crop raises prices and reduces competitiveness.
- **Russia barley** expands by 200,000 tons to 2.0 million based on larger production prospects. Similarly, **Ukraine barley** is up 300,000 tons to 2.3 million.
- **EU-25 barley** is lowered by 500,000 tons to 2.5 million in light of stronger competition from the Black Sea region and the current absence of export subsidies.
- **Russian rye** is down 100,000 tons to 100,000 due to the smallest projected crop in 6 years.

### **Selected Importers**

- **Canada corn** increases by 300,000 tons to 2.5 million as a result of a lower production forecast.
- **Egypt corn** is lowered by 200,000 tons to 4.5 million as the country continues to wrestle with foreign exchange problems.

## **TRADE CHANGES IN 2003/2004**

### **Selected Exporters**

- **United States corn** falls 2.0 million tons to 50.0 million based on unexpectedly slow shipments, the cancellation of some sales, and aggressive competitor export sales.
- **Argentina corn** is up 500,000 tons to 9.5 million due to a strong sales pace.
- **Thailand corn** increases by 250,000 tons to 600,000—the highest in 14 years—as a result of greater-than-expected shipments and lower domestic consumption.
- **Argentina sorghum** is down 100,000 tons to a 9-year low of 300,000 because of competition from China in Japan.

### **Selected Importers**

- **Egypt corn** drops by 300,000 tons to 4.2 million because of continued foreign exchange woes.

- **EU-25 corn** is up 500,000 tons to 5.5 million based on strong new purchases from Argentina.
- **Syria corn** declines 200,000 tons to 900,000 due to a weak pace.
- **Turkey corn** increases by 200,000 tons to 900,000 based on a strong pace.